

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
COLUMBIA UNITED PROVIDERS, INC.))	CONSENT ORDER
)	No. D-2002-139
A Registered Health Care Service)	
Contractor in the State of Washington)	
)	
)	

FINDINGS OF FACT:

1. Columbia United Providers, Inc. ("Columbia") holds a certificate of registration as a health care service contractor authorized to do business in Washington state.
2. Prior to December 20, 2001, SAFECO Insurance Company of America ("Safeco"), an authorized insurer, had issued to Columbia a surety indemnity bond ("Bond") in the amount of \$300,000, as required by RCW 48.44.030.
3. On December 20, 2001, SAFECO sent a notice to the Office of the Insurance Commissioner ("OIC") that SAFECO intended to cancel the Bond, effective sixty days after receipt of the notice of cancellation. That effective date was February 20, 2002. SAFECO's notice indicates that a copy of the notice was sent to Columbia and/or its insurance broker.
4. On February 8, 2002, a Columbia employee stated that "as far as she knew", the Bond had been renewed.
5. On February 8, 2002, SAFECO cancelled Columbia's Bond.
6. On March 13, 2002, Columbia forwarded an e-mail message from its insurance agent, Chuck Hersh, to the OIC. Mr. Hersh stated that "We got the approval from SAFECO to renew the Bond." He also said "We have gotten the General Agreement of Indemnity".
7. On March 20, 2002, a Columbia employee stated that a hospital board meeting to pass a resolution on the SAFECO Bond before it is signed, would take place in a couple of weeks, and that the OIC would receive a copy of the Bond at this time.
8. On April 26, 2002, the OIC sent Columbia a Notice of Intent to Suspend Columbia's Certificate of Registration, upon the grounds that Columbia was still doing business as a health care service contractor without underwriting of indemnity by any of the three methods authorized by RCW 48.44.030.

9. On April 26, 2002, the OIC received from Columbia a Depositary Agreement signed by representatives of Columbia and U.S. Bank, to set up a deposit of cash or securities as authorized by RCW 48.44.030.

10. On April 29, 2002, the OIC and some representatives of Columbia participated in a conference call regarding this matter. Since Columbia had made a proper deposit of cash or acceptable securities, one of the methods of underwriting authorized by RCW 48.44.030, the OIC did not proceed to suspend Columbia's certificate of registration.

11. Columbia operated as a health care service contractor for a period of almost 45 days in early 2002, without being in compliance with RCW 448.44.030. During this time, its subscribers were without the protection afforded by that statute.

12. Columbia has a previous record free of violations like the one which took place in this case. In addition, Columbia does not appear to be in financially hazardous condition.

CONCLUSIONS OF LAW:

1. RCW 48.44.030 provides in essence that if a health care service contract promises services which neither the health care service contractor nor any participating provider is to perform, then the health care service contractor must provide reimbursement or indemnity for subscribers who personally pay for those services. This reimbursement of indemnity "...shall either be underwritten by an insurance company authorized to write accident, health and disability insurance in the state or guaranteed by a surety company authorized to do business in this state or guaranteed by a deposit of cash or securities eligible for investment by insurers pursuant to chapter 48.13 RCW, with the insurance commissioner..."

2. RCW 48.44.160(1) authorizes the insurance commissioner to revoke or suspend the certificate of authority held by a health care service contractor which fails to comply with any provision of chapter 48.44.RCW or any proper order or regulation of the commissioner.

3. By allowing its SAFECO surety indemnity bond to be revoked without obtaining a replacement bond or insurance policy, or depositing cash or acceptable securities as required by RCW 48.44.030, Columbia violated that section and failed to meet the minimum requirements to do business in Washington state as a registered health care service contractor.

4. RCW 48.44.166 provides that after hearing or upon stipulation by the registered health care service contractor and in addition to or in lieu of the suspension or revocation of its certificate of registration, the commissioner may levy a fine against the party involved for

each offense in an amount not less than fifty dollars and not more than ten thousand dollars. "The order levying such fine shall specify the period within which the fine shall be paid and which period shall not be less than fifteen nor more than thirty days from the date of such order. Upon failure to pay any such fine when due the commissioner shall revoke the registration of the registrant, if not already revoked, and the fine shall be recovered in a civil action brought on behalf of the commissioner by the attorney general."

CONSENT TO ORDER:

Columbia United Providers, Inc. stipulates to the foregoing Findings of Fact and Conclusions of Law. Columbia acknowledges its legal duty to comply with all applicable statutes and regulations of the state of Washington.

The Commissioner has offered a settlement in lieu of suspending or revoking Columbia's certificate of registration, pursuant to RCW 48.44.166. Columbia accepts the proposed settlement, in lieu of further proceedings in this manner.

By agreement of the parties, the Commissioner will impose a fine of \$10,000 (Ten Thousand Dollars and no/100) upon Columbia, with \$9,750 (Nine Thousand Seven Hundred Fifty Dollars and no/ 100) suspended for the period of five years from the date this order is entered, upon condition that Columbia pay the unsuspended amount of \$250 (Two Hundred Fifty and no/ 100) and that Columbia comply fully with all provisions of RCW 48.44.030 and other applicable provisions of WAC 284-44-300 through WAC 284-44-350 during that time. If Columbia violates that statute or any of those regulations at any time during the period of five years from the date this order is entered, the suspended amount of \$9,750 (Nine Thousand Seven Hundred Fifty Dollars and no/100) will be immediately due and payable, together with such other fines and sanctions which the Commissioner may levy for any such additional violations.

The sum of \$250 (Two Hundred Fifty and no/100) is not suspended. It shall be paid in full within thirty days of the entry of this order. If it is not paid in full within that time, this will constitute grounds for the revocation of Columbia's certificate of registration in Washington state, and the entire amount of the fine, \$10,000, shall be recovered in a civil action brought on behalf of the Insurance Commissioner by the Attorney General.

If Columbia does not violate that statute or those regulations at any time during the period of five years from the date this order is entered, the Commissioner will waive the suspended \$9,750 (Nine Thousand Seven Hundred Fifty Dollars and no/100).

Signed and Agreed this 25th day of November, 2002.

COLUMBIA UNITED PROVIDERS, INC.

Typed Name_____

Typed Corporate Title_____

ORDER:

Pursuant to RCW 48.44.166, and to the stipulation of Columbia United Providers, Inc., The Insurance Commissioner hereby imposes a fine of Ten Thousand Dollars and no/100 upon Columbia United Providers, Inc. Of this amount, Nine Thousand Seven Hundred Fifty dollars and no/ 100 is suspended for the period of five years from the date this order is entered, upon condition that Columbia pay, within thirty days of the entry of this order, the unsuspended amount of Two Hundred Fifty Dollars and no/ 100 and that Columbia comply fully with all provisions of RCW 284-30-310 and the applicable provisions of WAC 284-44-300 through WAC 284-44-350. If Columbia violates that statute or any of those regulations during the period of five years from the date this order is entered, the suspended amount of Nine Thousand Seven Hundred Fifty dollars and no/ 100 will be immediately due and payable, together with any other fines and sanctions which the Commissioner may levy at that time.

If Columbia does not violate that statute or those regulations during the period of five years from the date this order is entered, then the Commissioner will waive the suspended amount of Nine Thousand Seven Hundred Fifty dollars and no/ 100.

The unsuspended amount of this fine, Two Hundred Fifty dollars and no/ 100, shall be paid in full within thirty days of the entry of this order. If not timely paid in full, this will constitute grounds for the revocation of Columbia's certificate of authority, and the entire amount of the fine, Ten Thousand Dollars, will be recovered in a civil action brought on behalf of the Insurance Commissioner by the Attorney General.

ENTERED AT Tumwater, WASHINGTON, this 26th day of November, 2002.

MIKE KREIDLER

By _____

William Kay Kirby

Legal Affairs Division